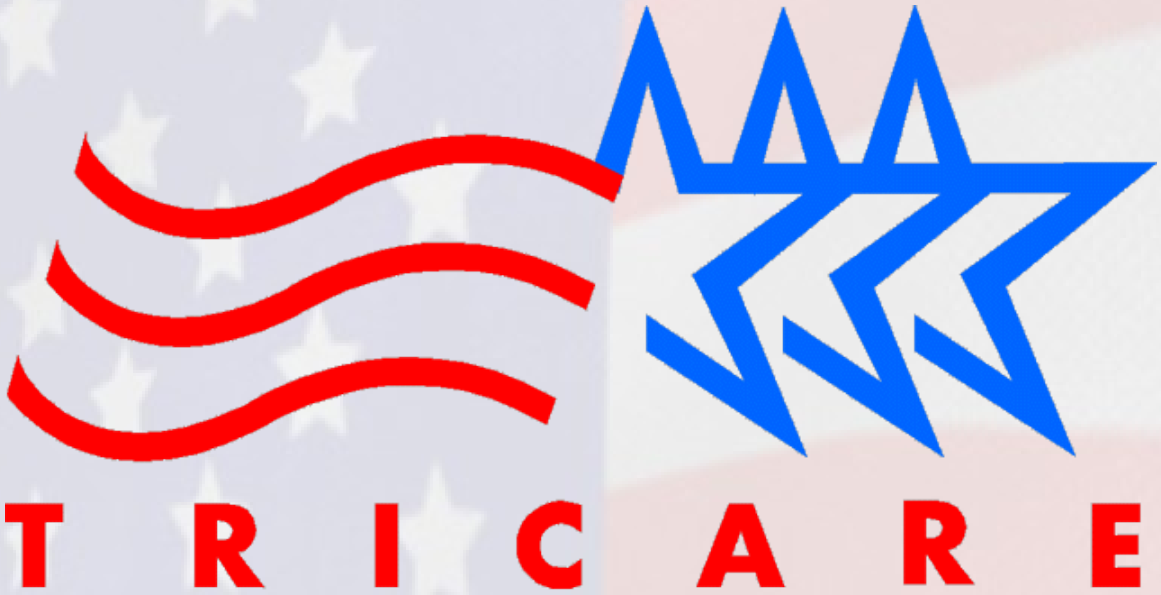

2000

“Focus on Performance”

TRICARE

CLAIMS PROCESS RE-ENGINEERING

MOVING TOWARD THE FUTURE

Presented by:
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Director, Contract Operations,
TRICARE Management Activity

February 2, 2000

CLAIMS PROCESSING

1. Introduction
2. What is a Claim
3. How Do Claims Get Paid?
4. Why Delays or Denials?
5. What Changes Should be Made?
6. Health Care Industry in 5 Years
7. Claims Re-Engineering
8. Claims Processing Enhancement Plan
9. Current Claims Statistics
10. Questions & Answers

INTRODUCTION

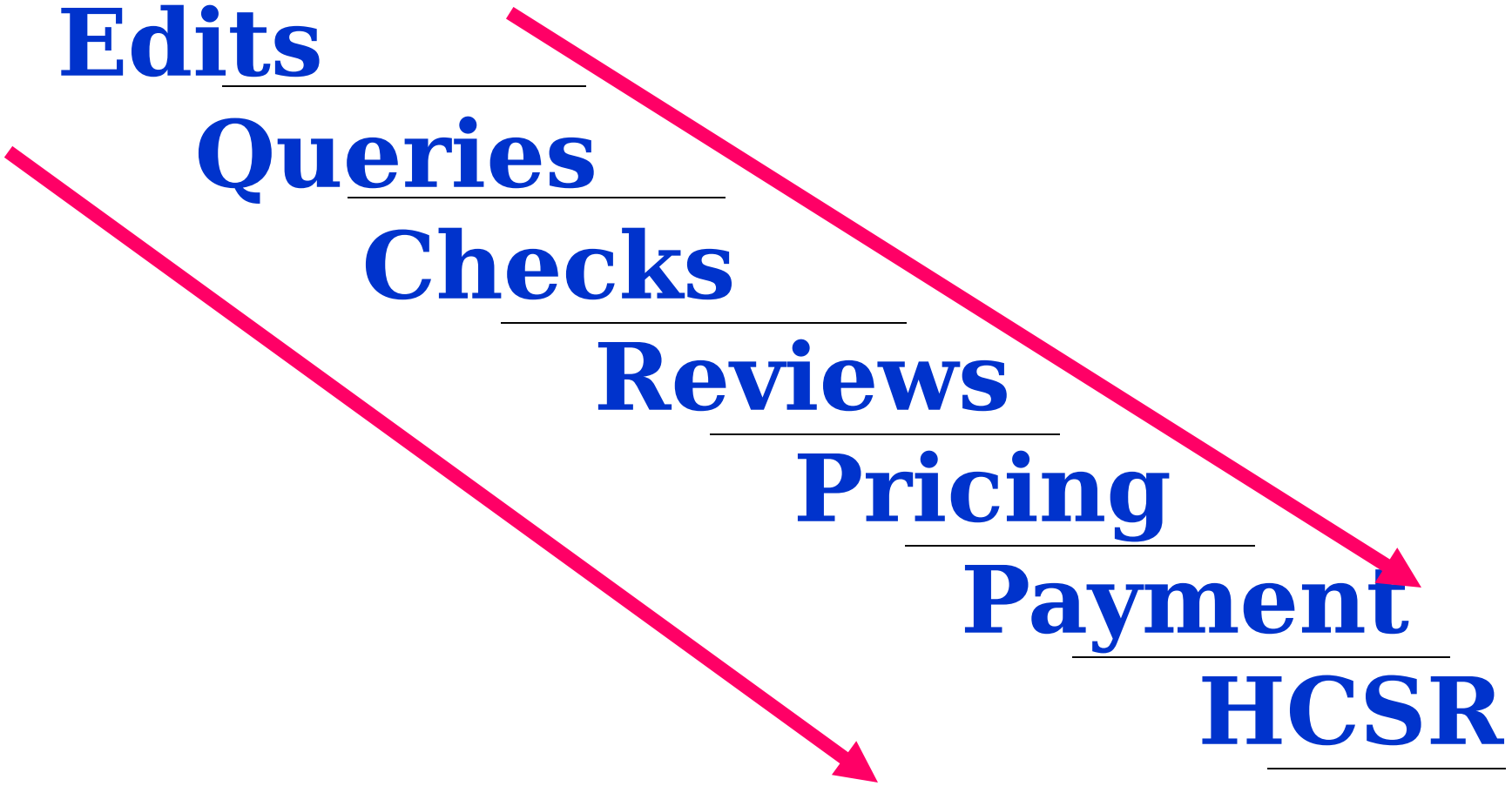
Contract Operations

Claims Process

WHAT IS A CLAIM?

- ✓**Eligibility**
- ✓**Benefit**
- ✓**Reimbursement System**
- ✓**Authorized Provider**

Claims Processing Steps



CLAIM PROCESSING FLOW

Obtain Authorization , if required, prior to rendering care/ Appropriate referral, if not PCM / Prepare HCFA 1500 with patient information to include (CPT4, ICD9)

Mail to appropriate TRICARE Claim Processor

Based Where Beneficiary is enrolled or residence

Received by Claim Processor

Sort out Non-Claims
Image Claim
Assign Claim #
Key in Data

Validity Edit
Jurisdiction Edit

Potential Process Delay

Perform DEERS Query

Potential Process Delay

Real Time Edits

Eligibility
Enrollment
Other Health Ins.
Provider Record

Potential Process Delay

Pass/Fail Edits Requiring Development via other claims, telephone, or letters

Real Time Edits

Claim Check
Duplicate Check
Auth. / Referral
Medical Review

Potential Process Delay

Pass/Fail Edits Requiring Development via other claims, telephone, or letters

Real Time Edits

Pricing
High Dollar Edit
TPL DX?
Cost Share/Ded Calculation

Query and Update Common Deductible and Catastrophic Cap. file

Payment Calculation
Check Write
Checks
CEOBs

Provider/ Beneficiary Receive

End Process

Delays & Denials

- **Duplicate Charges**
- **Incomplete Claim**
- **Non-Prescription Drugs**
- **Non-Authorized Service/ No referral**
- **Non-Covered Service**
- **Sponsor not on DEERS**
- **Medical Necessity not Documented**
- **Provider not Authorized**
- **Requested OHI Information not Received**

What Changes Should be Made?

- How do we improve the sy
- Where do we want to go
- What is the future of Heal

HEALTHCARE INDUSTRY IN 5 YEARS

- **Simplification and Standardization**
- **Eliminate Cumbersome Manual Processes**

80% of Providers will Increase use of Clearinghouses

Providers Submitting 40% of Claims through the Internet

Successful Payers will have to Achieve a High Degree of Straight Through Processing

HEALTHCARE INDUSTRY IN 5 YEARS

- **80% of Payers that Do Not Adopt Comprehensive Technology Solution Set Will Fail or be Acquired**

- **80% of Payers that Do Not Re-Engineer & Focus on Information Management, Rather than Transaction Management, Will Lose Market Share**

Claims Re-Engineering

- **Areas for improvement identified**
  - **TRICARE monitoring of contractor perf**
  - **Input from beneficiaries, providers, con**
  - **Report from General Accounting Office**
  - **Claims Processing Summit**

Claims Processing Enhancement

3 STEP APPROACH:

- ✔ **Internal Work Simplification Initiatives**
- ✔ **Expert Consultant Review**
- ✔ **Partnering with Managed Care Contractors**

Work Simplification Initiatives

Tools & flexibility to assist MCSCs in Performance Impro

- ✓ **Transition Time**
- ✓ **Provider Authorization**
- ✓ **Controlled Development**
- ✓ **Improved Claim Processing Standards**
- ✓ **Utilization Management**
- ✓ **Third Party Liability**

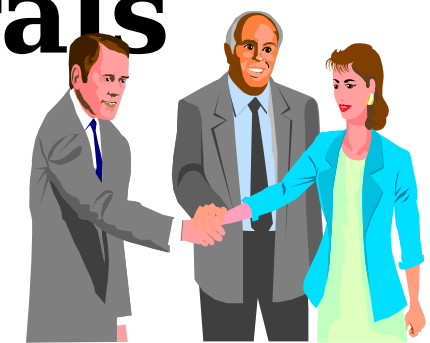
CONSULTANT'S RECOMMENDATIONS

- **Improve Enrollment and Eligibility Process**
- **Increase Electronic Claim Submission**
- **Increase Auto-Adjudication**
- **Enhance Fraud and Abuse Mitigation Capabilities**
- **Improve Customer Service**
- **Improve Provider Education**
- **Improve Beneficiary Education**
- **Enhance Management Reporting Capabilities**
- **Improve Program-Wide Data Quality**

Partnering with Contractors

Assist Contractors with Process

- ✔ **Eliminate Root Causes of Re-**
- ✔ **Increase First-Pass Rates**
- ✔ **Remove Barriers to EMC and Auto Adjudic**
- ✔ **Decrease Deferrals**



Contractor-Identified Initia

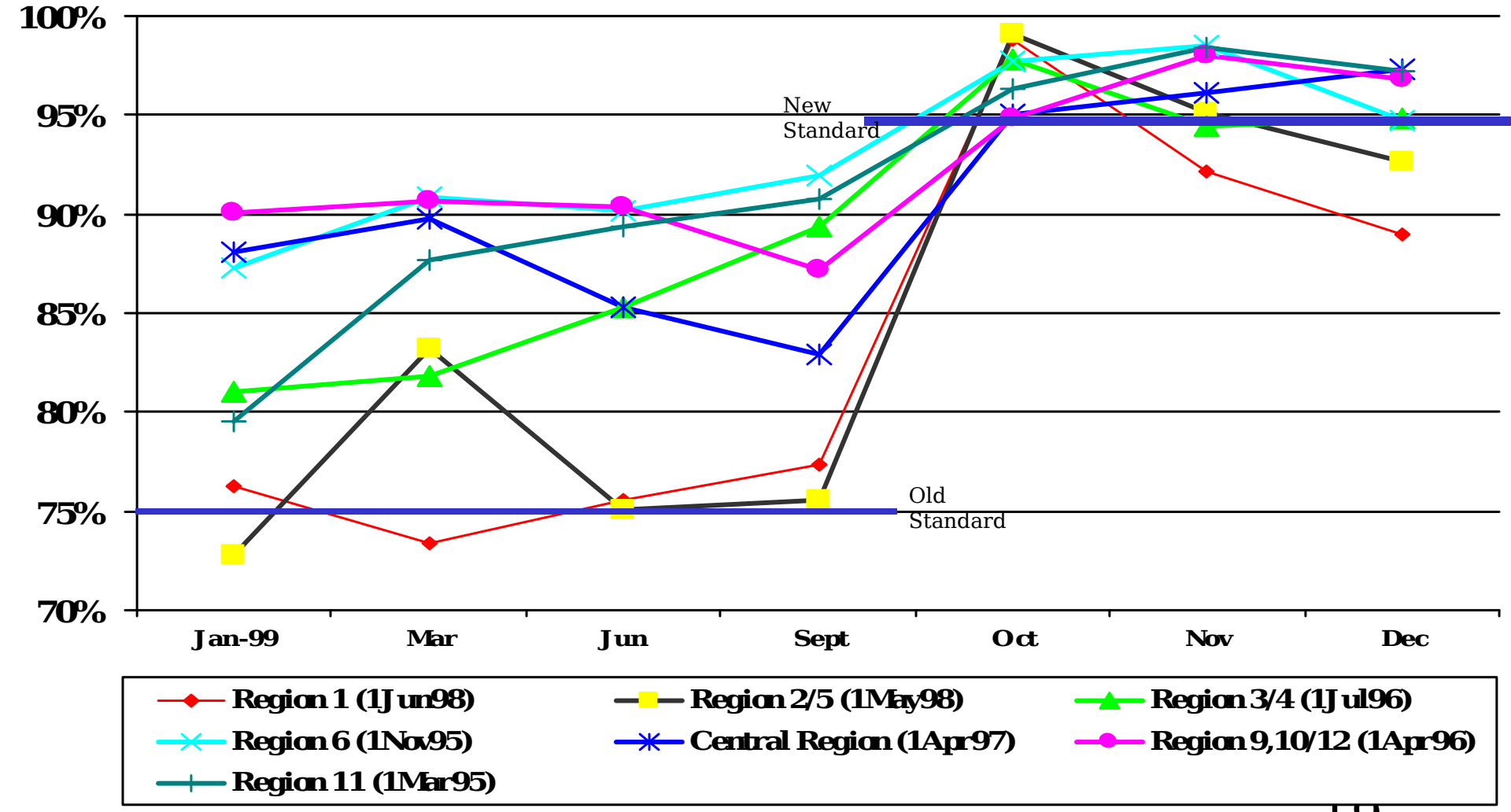
- ✔ Interim Standard for Provider ID
- ✔ Eliminate Unnecessary Claims Defer
- ✔ Utilize Medicare Protocols for EMC
- ✔ Eliminate Duplicative Pre-pay Revie
- ✔ Streamline HCSR Edits
- ✔ Update TMA Audit Process
- ✔ Increase Contractor “View” Access t
- ✔ Improve Enrollment Processes

Current Claims Statistics

- ✔ **28 million claims processed annually**
- ✔ **90% of <u>all</u> claims processed within 30 days; 98% within 60 days**
- ✔ **Overseas claims processing consistently exceeds standards**
- ✔ **Performance of 5.95 days work-on-hand nationwide in 12/99**
  against a 12.0 days standard
- ✔ **94% of TRICARE services are submitted by TRICARE**
  participating providers (FY '98) (97% for all

TRICARE Claim Processing Performance

(% of Retained Claims Processed within 30 Days -



TRICARE

CLAIMS PROCESS RE-ENGINEERING

MOVING TOWARD THE FUTURE

QUESTIONS & ANSWERS

DEPARTMENT OF DEFENSE

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